GRANEAGLE HOLDINGS LIMITED
鷹 馳 實 業 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock code:147)

INTERIM RESULT ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The board of directors (the "Board" or the "Directors") of Graneagle Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007 (the "Period").

These interim results for the Period have not been audited nor reviewed by the Company's auditors, Deloitte Touche Tohmatsu, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited six months ended 30 September	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*2*	**92,978**	78,101
Cost of sales		**(82,413)**	(67,450)
Gross profit		**10,565**	10,651
Other revenue and gains		**1,234**	1,056
Distribution costs		**(524)**	(529)
Administrative expenses		**(5,023)**	(4,386)
PROFIT FROM OPERATING ACTIVITIES	*3*	**6,252**	6,792
Gain on disposal of subsidiaries		**755**	–
PROFIT BEFORE TAXATION		**7,007**	6,792
Taxation charge	*4*	**(541)**	(540)
PROFIT FOR THE PERIOD		**6,466**	6,252
EARNINGS PER SHARE	*6*		
Basic		**3.87 cents**	3.74 cents
Diluted		**N/A**	N/A

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited as at 30 September 2007** *HK$'000*	Audited as at 31 March 2007 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,179**	2,769
CURRENT ASSETS			
Inventories		**16,855**	30,715
Trade and other receivables	*7*	**11,553**	18,190
Pledged bank deposit		**–**	9,040
Cash and bank balances		**27,793**	44,182
		56,201	102,127
CURRENT LIABILITIES			
Trade and other payables	*8*	**18,932**	18,311
Taxation payable		**644**	84
		19,576	18,395
NET CURRENT ASSETS		**36,625**	83,732
TOTAL ASSETS LESS CURRENT LIABILITIES		**38,804**	86,501
NON-CURRENT LIABILITY			
Deferred taxation		**43**	62
		38,761	86,439
CAPITAL AND RESERVES			
Share capital		**1,670**	1,670
Reserves		**37,091**	84,769
Total equity		**38,761**	86,439

Notes:

1. **Accounting policies**

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited ("Stock Exchange") and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2007.

The following new standards and interpretations which are relevant to the Group's operations have been issued and effective as at the time of preparing this information:

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) - Int 11	HKFRS 2 - Group and Treasury Share Transactions

The adoption of such standards or interpretations did not result in substantial changes to the Group's accounting policies.

The Group had not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs [1]
HKFRS 8	Operating Segments [1]
HK(IFRIC) - Int 12	Service Concession Arrangements [2]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) - Int 14	HKAS19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 January 2008
[3] Effective for annual periods beginning on or after 1 July 2008

The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

2. **Turnover and segment information**

(A) Business segment

The Group's turnover and operating profit were solely contributed by garment business during the periods ended 30 September 2007 and 2006.

(B) Geographical segment

Sales revenue from the Group's operations was solely from the United States of America, irrespective of the origin of the goods/services.

3. Profit from operating activities

	Unaudited six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Profit from operating activities has been arrived at after charging:		
Directors' emoluments	**542**	300
Other staff costs	**1,620**	1,658
Other staff's retirement benefit scheme contributions	**63**	70
	2,225	2,028
Allowance for inventories	**1,967**	1,565
Depreciation	**637**	777
Operating lease rentals in respect of:		
– rented premises	**447**	487
– motor vehicle	**78**	78
Textile quota expenses	**2,059**	1,512
Cost of inventories recognised as expense	**78,387**	64,373
and after crediting:		
Bank interest income	**1,179**	1,021

4. Taxation charge

	Unaudited six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**(560)**	(562)
Deferred taxation	**19**	22
	(541)	(540)

Hong Kong Profits Tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the Period.

As at the balance sheet date, the Group has unused tax losses of approximately HK$14,887,000 (31 March 2007: HK$13,897,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

5. Dividends

	Unaudited six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Paid:		
2006 final dividend of HK$0.03 per share for the year ended 31 March 2006	**–**	5,010
2007 final and special dividend of HK$0.03 and HK$0.29 per share for the year ended 31 March 2007	**53,450**	–
	53,450	5,010
Proposed	**–**	–

6. Earnings per share

The calculation of the basic earnings per share is based on the Group's unaudited consolidated profit attributable to shareholders for the Period of HK$6,466,000 (2006: HK$6,252,000) and on the weighted average number of 167,031,016 (2006: 167,031,016) ordinary shares in issue during the Period.

No diluted earnings per share figures has been shown as there were no dilutive potential ordinary shares outstanding for both of the periods.

7. Trade and other receivables

Included in trade and other receivables are trade receivables of approximately HK$9,746,000 (31 March 2007: HK$ 17,605,000).

The aging analysis for trade receivables is as follows:

	Unaudited as at 30 September 2007	Audited as at 31 March 2007
	HK$'000	*HK$'000*
Within 30 days	**9,684**	17,605
Over 30 days but less than 60 days	**62**	–
	9,746	17,605

Credit policy:

Apart from payment by letter of credit, settlement is generally on an open account basis with credit terms ranging from 30 days to 60 days following the month of sale.

It is the policy of the Group to allow settlement on an open account basis only by customers who have good repayment records and well-established relationships with the Group. The credit period for such customers is reviewed periodically in response to the financial conditions, orders on hand and other credit information.

8. Trade and other payables

Included in trade and other payables are trade payables of approximately HK$14,983,000 (31 March 2007: HK$13,919,000).

The aging analysis for trade payables is as follows:

	Unaudited as at 30 September 2007	Audited as at 31 March 2007
	HK$'000	*HK$'000*
Within 30 days	**9,914**	12,268
Over 30 days but less than 60 days	**4,900**	1,618
Over 60 days but less than 90 days	**74**	–
Over 90 days	**95**	33
	14,983	13,919

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group's turnover for the Period was approximately HK$92,978,000 (2006: HK$78,101,000). The turnover increased by 19% as compared with the corresponding period in 2006 ("2006 Interim Period") and such increase was due to the increase in sales volume to the Group's United States customers. The Group's gross profit margin decreased from 13.6% in 2006 to 11.4% in 2007 and the profit from operating activities decreased by 8% as compared with 2006 Interim Period. The decrease in gross profit for the Period was mainly attributable to the substantial increase in the subcontracting charges for garment manufacturing in China. The decrease in profit from operation for the Period was caused by the 14.5% increase in the administrative expenses. The increase in the administrative expenses was mainly due to a 10% increase in staff costs (including directors' emoluments) from HK$2 million for the 2006 Interim Period to HK$2.2 million for the Period and a five times increase in professional fees from HK$110,000 for the 2006 Interim Period to HK$671,000 for the Period. The sharp rise in professional fees was due to provision for legal and financial advisers' fee made for the Group's corporate exercise in relation to a conditional mandatory general offer by Rich Wing Investments Limited ("Rich Wing") to acquire all the issued shares of the Company as announced by the Company on 29 August 2007.

The Group disposed of a wholly-owned subsidiary, Gentech (Asia) Limited in May 2007, resulting in a gain of HK$755,000 (after releasing the translation reserve of HK$795,000). Details of the disposal was announced by the Company on 15 May 2007.

The Group was able to maintain overheads in line with the level of business activities. The Group's net profit for the Period increased by 3.4% from HK$6.25 million in the 2006 Interim Period to HK$6.47 million in the Period while the basic earnings per share increased from 3.74 cents in 2006 to 3.87 cents in 2007.

Financial position and liquidity

The Group's financial position remained strong during the Period, allowing the Group to rely principally on its internal resources to fund its operation and investment activities. The gearing ratio of the Group, which is expressed as a percentage of total borrowings to shareholders' funds, remains at 0% for the last six months.

The Group's exposure to foreign currency risk is insignificant because the majority of its income and expenses were denominated in US dollars.

Employees

As at 30 September 2007, the Group maintained 14 employees, whose salaries were reviewed and adjusted annually based on performance and experience. Other employee benefits included mandatory provident fund and educational subsidies which were offered to promote staff development. There is a share option scheme in place designed to award employees for their performance at the discretion of the directors. There was no share option granted to any employee during the Period.

Capital structure

As at 30 September 2007, the Company has a total of 167,031,016 shares of HK$0.01 each in issue.

On 14 November 2007, the Company entered into an agreement ("Subscription Agreement") with Long Grand Limited ("Long Grand"). Pursuant to the Subscription Agreement, the Company agreed to issue to Long Grand 170,000,000 ordinary shares at HK$0.15 each ("Subscription Shares") and two-year zero coupon convertible bonds ("Subscription Bonds") in an aggregate amount of HK$124,500,000, which are convertible into shares at an initial price of HK$0.15 per share (subject to adjustments) with the unlisted warrants of the Company ("Subscription Warrants") (in proportion of one Subscription Warrant for every four new shares to be issued upon the exercise of the conversion rights attaching to the Subscription Bonds) attached conferring right to subscribe up to HK$31,125,000 in aggregate in cash for new shares at an initial subscription price of HK$0.15 per share (subject to adjustments).

On 14 November 2007, the Company entered into an agreement ("Placing Agreement") with Emperor Securities Limited (the "Placing Agent"). Pursuant to the Placing Agreement, the Placing Agent agreed to place two-year zero coupon convertible bonds ("Placing Bonds") up to an aggregate principal amount of HK$60,000,000, which are convertible into new shares at an initial conversion price of HK$0.15 per share (subject to adjustments) with the unlisted warrants of the Company ("Placing Warrants") (in proportion of one Placing Warrant for every four new shares to be issued upon the exercise of the conversion rights attaching to the Placing Bonds) attached conferring rights to subscribe up to HK$15,000,000 in aggregate in cash for new shares at an initial subscription price of HK$0.15 per share (subject to adjustments).

Future plans and prospects

The controlling shareholder of the Company was changed in September 2007 upon completion of the acquisition of 81,246,188 shares (represented 48.64% of the then issued shares) of the Company by Rich Wing and the board composition was changed subsequently in October 2007. Apart from strengthening the existing garment business, the new Board also exposed themselves to new business opportunities so as to diversify the business scope of the Group. After the disposal of Gentech (Asia) Limited in May 2007, the Company has been actively seeking for new investment opportunities. On 22 October 2007, Surplus Rich Investments Limited, a wholly-owned subsidiary of the Company, entered into a non-legally binding letter of intent with Harbin Ai Da Investment Limited (哈爾濱愛達投資置業有限公司), an independent third party, pursuant to which the parties expressed the intention to form a joint venture to undertake property development and sale in China. It is expected that the registered capital of the joint venture shall be RMB300 million and Surplus Rich Investments Limited shall contribute 55% thereof (i.e. RMB165 million).

Rich Wing was approached by Long Grand in October 2007, upon which Long Grand had expressed its interests in acquiring a majority interests of the Company for the purpose of exploiting the Group's existing garment business and the new business opportunity regarding the formation of a joint venture to engage in property development in China. On 14 November 2007, Long Grand and the Company jointly announced the agreement to sell 81,246,188 shares owned by Rich Wing to Long Grand, the Subscription Agreement, the Placing Agreement, and a possible general offer ("Offer") to acquire the shares of the Company by Long Grand. It is indicated in the announcement that Long Grand, if it became the controlling shareholder of the Company, it would continue to run the existing garment business of the Group and to continue the negotiation in relation to the joint venture with Harbin Ai Da Investment Limited. Long Grand will also consider other suitable investments or business opportunities should they arise.

It is expected that new board members will be appointed by Long Grand to replace the existing Board after the close of Offer. The Directors consider that the entering into Subscription Agreement and the Placing Agreement is a good opportunity for the Group to introduce new investors and investment funding for the future development of the Group. Upon completion of the Subscription Agreement and the Placing Agreement, which is expected to be in late December 2007, a net estimated proceed of approximately HK$208 million will be available for the Group's utilisation. The proceeds are intended to be utilised as general working capital of the Group and for business development under the new joint venture. If no agreement can be reached in relation to the joint venture, the proceeds will be used as general working capital and investment funding for new projects of the Group.

CONTINGENT LIABILITY

The Group did not have any significant contingent liability as at the balance sheet date.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

Throughout the interim period, the Company has complied with the Code Provisions set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Listing Rules on the Stock Exchange except for the deviations from code provision A.4.1.

Under the code provision A.4.1, the non-executive directors should be appointed for specific terms, subject to re-election. All of the Company's non-executive directors are not appointed for specific terms. However, under the Bye-laws of the Company, at each annual general meeting, one third of the Directors shall retire from office by rotation and every Director shall be subject to retirement at least once every three years. In the opinion of the Board, this meets the same objectives and is no less exacting than those in the CG Code.

By Order of the Board
Fan Man Seung, Vanessa
Director

Hong Kong, 17 December 2007

As at the date of this announcement, the Board comprises Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa as executive directors, and Mr. Law Ka Ming, Michael, Mr. Leung Shu Yin, William and Ms. Yip Kam Man as independent non-executive directors.